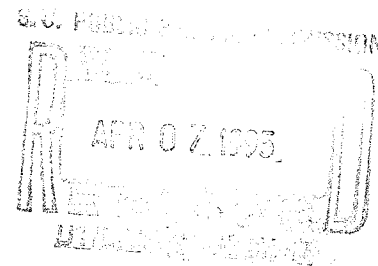


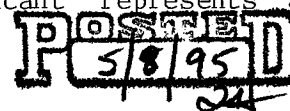
BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 94-739-S



IN RE: Quail Hollow Utilities, Inc.

)
) **Application**
)

Pursuant to the Applicable provisions of the Code of Laws of South Carolina (1976), Quail Hollow Utilities, Inc., hereinafter referred to as "Quail Hollow" or "Applicant," respectfully applies to the South Carolina Public Service Commission, hereinafter referred to as "Commission," for authority to adjust and increase its monthly rates for single family residences and single family equivalents. The Applicant represents as follows:



I.

All communications concerning this Application should be addressed to, and the following person(s) should be included on the Commission's official service list:

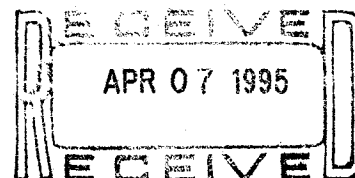
William Frederick Austin, Esquire
Richard Lee Whitt, Esquire
THE AUSTIN LAW FIRM
Post Office Box 12396
Columbia, South Carolina 29211
(803)799-9435

ACCEPTED
Adm. WB 5/8/95 JH
Legal 208 5-8-95
Util 5-8-95
Trans. _____

II.

That Quail Hollow was issued permit #12282 in 1972 by the South Carolina Board of Health for the construction of a collection system for Phase

S. C. PUBLIC SERVICE COMMISSION



I and II 100,000 gpd treatment plant to serve Quail Hollow Subdivision located in Lexington County, South Carolina and the system was placed in service in 1974.

III.

That Quail Hollow was certified by this Commission as a utility in 1975. This Commission's Order 88-497 dated May 23, 1988, approved a monthly rate of \$17.00 which rate has been in effect since that date. The approved service area map is on file with the Commission.

IV.

Attached and incorporated by reference are the following exhibits:

1. Statement of justification for rate adjustments;
2. Current income and expense statement for 12 months ending 12/31/93;
3. Pro forma income and expense statement using rates for test year ending 12/31/93;
4. Balance sheet for 12 months ending 12/31/93;
5. Number of present and proposed customers;
6. Statement of plant investment;
7. Depreciation schedule; and
8. Copy of current customer bill form.

V.

The present rate structure approved in 1988 is unreasonably low and insufficient to enable the Applicant to earn an adequate and reasonable return.

VI.

The proposed test year for these proceeding is the twelve months ending 12/31/93. Ownership of the system changed on May 4, 1994. Pro Forma changes have been made to adjust and remove data not related to the present ownership.

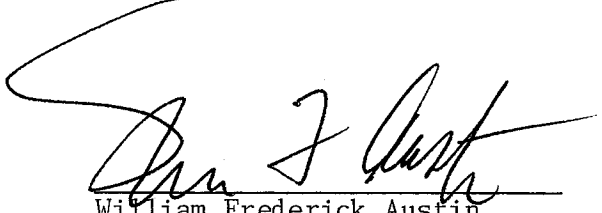
VII.

The Applicant proposes to increase its rates as follows:

Residential - monthly charges per single residence or single family equivalent	\$25.00
including charge of \$1.15 per 1000 gpd by City of West Columbia	

WHEREFORE the Applicant respectfully requests that this Commission approve the rates requested herein.

Respectfully submitted this 7th day of April, 1995.



William Frederick Austin
Richard Lee Whitt
THE AUSTIN LAW FIRM
1022 Calhoun St., Suite 301
Post Office Box 12396
Columbia, South Carolina 29211
(803)799-9435
Attorneys for the Applicant

QUAIL HOLLOW UTILITIES, INC. -
COST JUSTIFICATION

The cost justification is clear. The rate application in 1987 was based on the City of West Columbia's charge for treatment of \$.90 per 1000 gallons at 6.318 million gallons per month. Immediately after the 1987 rate approval, the City raised its treatment charge to \$1.15 per 1000 gallons, so the Company was at an immediate disadvantage. The Test Year indicates an average metered flow of 9.184 million gallons per month.

Quail Hollow Sewer System
(now, Quail Hollow Utilities, Inc.)
Income and Expense Statement
Year Ended December 31, 1993

Revenues:

Sewer service income	\$ 116,280
Interest and other income	5,668
Total revenue	<u>121,948</u>

Expenses:

Sewage treatment expense	127,525
Maintenance	15,371
Utilities	3,504
Management and administrative	27,704
Depreciation	2,754
Taxes	18,983
Total expenses	<u>195,841</u>
Net income (loss)	<u><u>\$ (73,893)</u></u>

Quail Hollow Sewer System
(now, Quail Hollow Utilities, Inc.)
Pro Forma Operating Statement
Based on Test Year Ending December 31, 1993

	Per Books Year Ended 12/31/93	Effect of Pro Forma Increase		After Proposed Increase
Revenues:				
Sewer service income	\$ 116,280	\$ 54,720	(1)	\$ 171,000
Interest and other income	5,668	(2,888)	(3)	2,780
Total revenues	121,948	51,832		173,780
Expenses:				
Sewage treatment expense	127,525	(780)	(2)	126,745
Maintenance	15,371			15,371
Utilities	3,504	(209)	(3)	3,295
Management and administrative	27,704	2,953		30,657
Depreciation	2,754			2,754
Taxes	18,983	(17,995)	(3)	988
Total expenses	195,841	(16,031)		179,810
Net income (loss)	\$ (73,893)	\$ 67,863		\$ (6,030)

- (1) Assuming 570 present users (including 215 apartment units) at \$25 per month.
- (2) Assuming the City of West Columbia does not increase its charge above the present rate of \$1.15 per 1000 gallons recorded by the flow meter. The Company has no control over the City's rates.
- (3) Various income and expense amounts included in the 1993 "Per Books" column will not be incurred in the future due, in part, to the transfer of the sewer system to Quail Hollow Utilities, Inc.

Quail Hollow Sewer System
(now, Quail Hollow Utilities, Inc.)
Balance Sheet
December 31, 1993

	ASSETS	LIABILITIES
Cash	\$ 5,934	
Accounts receivable	7,899	
Interest receivable	20,113	
Loans to partners	26,250	
Prepaid insurance	538	
Land-Section II	97,099	
Computer equipment	1,399	
Flow meter	13,686	
Lift station upgrade	7,925	
Accumulated depreciation		\$ 22,711
Accounts payable and accrued liabilities		55,609
Income taxes payable		16,551
Advances payable to SCRED		1,605,102
Equity (deficit)*		(1,519,130)
Total	\$ 180,843	\$ 180,843

* At December 31, 1993, equity was actually included in the overall equity accounts of the Quail Hollow Company General Partnership. Effective May 4, 1994, all assets, liabilities, equity and operations of the Sewer System were transferred from the Partnership to Quail Hollow Utilities, Inc.

Quail Hollow Sewer System
(now, Quail Hollow Utilities, Inc.)
Present and Expected Customers

Present customers	570
-------------------	-----

Expected customers	570
--------------------	-----

Quail Hollow Sewer System
(now, Quail Hollow Utilities, Inc.)
Statement of Total Plant Investment
December 31, 1993

Section I:	
Lines	\$ 149,556
Plant	157,025
Section II:	
Lines, etc.	247,543
Pump stations	54,000
Village	47,060
Lift station upgrade	7,925
Flow meter and housing	13,686
Total	<u>\$ 676,795</u>

[illegible]

QUAIL HOLLOW SEWER SYSTEM
1022 CALHOUN ST.
COLUMBIA, SC 29201
(803) 779-6000

STATEMENT

Page 1
Close 12/30/94

Date	Invoice #	Due Date	CD	Description	Ref. #	Debits	Credits	Amount Due	Past Due	Days
------	-----------	----------	----	-------------	--------	--------	---------	------------	----------	------

Total	P a s t D u e
Balance	Balance Days

Current	Past Due 1-30	Past Due 31-60	Past Due > 60
	0.00	0.00	0.00

PLEASE SHOW CUSTOMER ID ON YOUR CHECK

LAW OFFICES

WILLIAM FREDERICK AUSTIN

1022 CALHOUN STREET
POST OFFICE BOX 12396
COLUMBIA, SOUTH CAROLINA 29211

WILLIAM FREDERICK AUSTIN
RICHARD LEE WHITT

Fax: (803) 252-0427

TELEPHONE
(803) 799-9435 OR (803) 799-9683
FACSIMILE (803) 252-0427

Date: May 1, 1995

FROM: Richard L. Whitt, Esquire

NO. OF PAGES: 2
(including cover sheet)

TO: The Honorable Charles Ballentine
South Carolina Public Service
Commission

FAX NO.: 737-5199

COMMENTS TO RECEIVING PARTY:

THE INFORMATION CONTAINED IN THIS FACSIMILE MESSAGE IS A ~~CONFIDENTIAL~~ PRIVILEGED AND CONFIDENTIAL INFORMATION INTENDED ONLY FOR THE USE OF THE INDIVIDUAL OR ENTITY NAMED ABOVE. IF THE READER OF THIS MESSAGE IS NOT THE INTENDED RECIPIENT, YOU ARE HEREBY NOTIFIED THAT ANY DISSEMINATION, DISTRIBUTION, OR COPY OF THIS COMMUNICATION IS STRICTLY PROHIBITED. IF YOU HAVE RECEIVED THIS COMMUNICATION IN ERROR, PLEASE IMMEDIATELY NOTIFY US BY TELEPHONE. THANK YOU.

Note: If you do not receive the number of pages indicated, please call the individual noted above (803) 799-9435).